

**MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY**

**VIRGINIA HOUSING CENTER, HENRICO ROOM 1
GLEN ALLEN, VIRGINIA**

**WEDNESDAY, MARCH 2, 2011
1:00 P.M.**

CALL TO ORDER

Vice Chair Joan Bondareff called the meeting to order at 1:00 p.m. and welcomed everyone. She thanked Jim Lanard and Al Pless for their attendance at today's meeting to address the Authority.

Members Present: Joan Bondareff, Mary Doswell, Lisa Johnson, Bob Matthias, Brian Redmond, and Ron Ritter

Members Absent: Art Moye, Jr., Mark Bitterman

Staff Present: Maureen Matsen, Deputy Secretary of Natural Resources and Senior Advisor for Energy; Carrie Cantrell, Deputy Secretary of Commerce and Trade; Conrad Spangler, Department of Mines, Minerals and Energy (DMME) Director; Al Christopher, DMME Division of Energy Director; Ken Jurman, DMME Renewable Energy Manager; Kerri Nicholas, Assistant Attorney General

Guests Present: Jim Lanard, President, Offshore Wind Development Coalition (OWDC); Al Pless, Office of Offshore Alternative Energy Programs, Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE)

APPROVAL OF MINUTES

The Vice Chair called for a motion to approve the December 7, 2010, minutes as presented. *The motion was made and seconded to accept the minutes, and passed unanimously.*

DOE-DOI ANNOUNCEMENT ON OFFSHORE WIND INITIATIVES

Brian Redmond and Mary Doswell reported on the February 7, 2011, joint announcement by Secretary of the Interior Ken Salazar and Secretary of Energy Steven Chu about their coordinated strategic plan to accelerate the development of offshore wind energy, including \$50.5 million in new funding opportunities. The plan focuses on three areas: reducing the high cost of offshore wind energy, improving technical challenges, and data collection.

VIRGINIA OFFSHORE WIND LEASE SALE

Bureau of Ocean Energy Management, Regulation and Enforcement

Presentation: The Vice Chair called on Al Pless, Virginia Project Coordinator with the BOEMRE Office of Offshore Alternative Energy Programs, to provide an update on the progress towards a commercial Virginia offshore wind lease sale and Virginia's research lease application. A copy of his presentation is available.

- The BOEMRE decided to bypass the Request for Information process and proceed directly to Virginia's Call for Information and Nominations (Call), which starts the competitive leasing process.
- Virginia submitted its research lease application to BOEMRE in January 2011 and must meet three qualifications to hold a renewable energy lease – legal, technical, and financial. BOEMRE has legally qualified Virginia and is currently reviewing the technical and financial qualifications. Following the completion of the BOEMRE internal review, the final version of the Call will go to the BOEMRE legal team before publishing it in the Federal Register for a 45-day review and comment period. Mr. Pless expects Virginia's Call will be sent to the attorneys this month.

Bob Matthias made a motion and it was seconded to request that VOWDA staff draft a letter to BOEMRE for the Chair's signature requesting a 60-day comment period, rather than 45 days, on Virginia's Call to allow more time for review. The motion passed unanimously.

Radar Issues: The Department of Defense (DOD) has approved the designated lease blocks but has expressed some concern with the unrestricted height in Virginia's Call. Bob Matthias informed the Authority that the City of Virginia Beach, with the assistance of Retired Colonel David Belote, addressed DOD radar issues with the development of the City's proposed Convention Center hotel. Mr. Matthias will provide members with a copy of the DOD's letter to Senator Jim Webb.

Shipping Lanes Issue: Joan Bondareff reported that the World Shipping Council has expressed concern with Virginia's proposed site designations because of potential impediments to shipping lanes which could pose navigational safety risks. A copy of Doug Schneider's February 23, 2011, email was provided for VOWDA records.

OFFSHORE WIND ACTIVITY IN OTHER ATLANTIC STATES

The Vice Chair called on Jim Lanard, President of the Offshore Wind Development Coalition, who presented an overview of the offshore wind industry and other states' activities. The OWDC is a national organization composed of businesses advocating federal policy initiatives that promote the development of offshore wind farms. A copy of his presentation is available.

Brian Redmond commented that VOWDA can lead Virginia's efforts: benefit from lessons learned and partner with other states; talk with developers and supply chain; attract manufacturers with larger scale projects; collect data; and recommend ways to expedite development.

VIRGINIA'S REGULATORY FRAMEWORK

Deputy Secretary of Natural Resources Maureen Matsen gave an overview of Virginia's electric regulatory structure. The Virginia General Assembly re-regulated electricity in 2007 and returned Virginia to cost-of-service regulation, with changes to incentivize investment in new generation infrastructure. A map showing the service areas for Virginia's electric utilities was distributed. Brian Redmond asked what percentage load each utility serves. Ms. Matsen will provide this information to members. Members were also provided with a list of Virginia Electric Utility Rates for investor-owned, electric cooperatives, and municipal utilities, prepared by the Attorney General's Office; and a Comparison of EEI average rates of all states from 1995-2009, prepared by the State Corporation Commission.

STATUS OF LEGISLATIVE INITIATIVES

Deputy Secretary of Commerce and Trade Carrie Cantrell reported on legislative initiatives concerning VOWDA membership and wind energy.

- Legislation allowing the military to serve on boards was signed by the Governor. Navy representatives will be able to serve on VOWDA effective July 1, 2011.
- The Governor's proposed budget included a separate line item to provide \$500,000 to the Virginia Offshore Wind Authority to assist in efforts to secure the location of the proposed NOWTC in Virginia. The General Assembly amended the Governor's budget and allocated the \$500,000 from the Governor's Development Opportunity Fund. Between now and the General Assembly's reconvened session on April 6, the Governor's Office will review this and other budget amendments.
- Clean Energy Manufacturing Incentive Grant (CEMIG) passed the House and Senate and awaits action by the Governor. A portion of the \$36 million funding is allocated to eligible wind suppliers that make a capital investment greater than \$10 million and create at least 30 full-time jobs.

CHESAPEAKE LIGHT TOWER UPDATE

Bob Matthias reported that Virginia Beach approved spending \$50,000 for the engineering analysis to determine the feasibility of using the CLT as a potential site for a weather tower to collect wind data.

LEGAL STATUS

Maureen Matsen introduced Assistant Attorney General Kerri Nicholas who will serve as counsel to VOWDA. Ms. Nichols reviewed Conflict of Interests Act (COIA) and Freedom of Information Act (FOIA) requirements specific to VOWDA. Members can contact AG counsel for any assistance. After some discussion on how VOWDA members can conduct business under FOIA requirements, it was agreed that information exchange via email communications can be managed through the staff.

INTRODUCTION OF NEW DMME STAFF

The Vice Chair introduced the Department of Mines, Minerals and Energy's new Director, Conrad T. Spangler, and called on him to share his background with the Authority and to also introduce DMME's new Deputy for Energy Policy Cathie J. France, who will begin work at DMME on March 14.

FUTURE MEETINGS

- Representatives from the U.S. Department of Energy and U. S. Department of the Interior will attend the next VOWDA meeting to update the Authority on the "Smart from the Start" Initiative and the National Offshore Wind Strategy.
- Brian Redmond recommended that the Authority establish goals and objectives to focus on the direction of the Authority. Members can send their ideas and comments to Cathie France who was asked to coordinate the development of a preliminary set of goals and objectives for discussion at the next meeting.
- The next VOWDA meeting has been tentatively scheduled for the afternoon of Thursday, March 31.

OTHER BUSINESS

Wind Energy Cost Comparisons to Other Energy Sources: Bob Matthias asked if there were any studies available that compared wind to Marcellus Gas energy sources. There was discussion regarding the need for an economic analysis of the cost of offshore wind, a cost comparison of wind energy to other energy sources, and data collection activities. Maureen Matsen told the Authority that levelized cost studies are available. While market forces drive energy costs, Ms. Matsen indicated that characterizing the components of offshore wind energy costs might be valuable new information to help inform strategies to lower total costs. At VOWDA's next meeting, DOE will review its National Strategic Plan and efforts to bring down costs.

National and Virginia Offshore Wind Organizations: Maureen Matsen distributed two lists that summarized the various federal, state, and private organizations working in offshore wind energy.

Offshore Wind Press: Members discussed the recent negative press on offshore wind energy development. The discussion surrounded the Authority's role in facilitating, identifying and collaborating with DOE and different entities, and the need to make objective facts about the industry available.

VOWDA Report Deadlines: Joan Bondareff reminded members of two report deadlines specified in the Code.

- Dominion Virginia Power Transmission Study: VOWDA's recommendations are due by May 31, 2011.
- Annual Report: VOWDA's activities and recommendations are due by October 15.

PUBLIC COMMENTS

The Vice Chair called for public comment.

- Hank Giffin, Vice President of SAIC, addressed the Authority about the need for Virginia to publicize more positive news on what it's doing in the wind energy area, like other states do, and which can also help to make Virginia more competitive.
- Ann Flandermeyer, Principle Advantage Ltd., shared information about Virginia House and Senate Joint Resolution 605 that expresses support for the development of offshore wind energy resources adjacent to the shores of the Commonwealth of Virginia and the establishment of a National Offshore Wind Technology Center in Hampton Roads, Virginia. A copy of the resolution will be provided to members.
- Jerry Giles, Managing Director of the Technology, Energy & Corporate Services Team with the Virginia Economic Development Partnership talked about the December 7, 2010, Virginia Offshore Wind Supply Chain Educational Forum. He will provide members with a link to all of the presentations from this event which he thinks can be helpful information on Virginia's offshore wind issues and opportunities.

ADJOURNMENT

The meeting adjourned 4:25 p.m.